

Kentucky Agricultural Development Fund Update

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FEBRUARY 7, 2003

A Letter from the CEO

The annual legislative session swung into high gear this week, and the session is critical to the future of the Agricultural Development Fund. While maintaining the legislature's historic commitment to channeling 50% of the Master Settlement Agreement proceeds is priority number one for all of Kentucky agriculture, the continuity of the agriculture development process is also at stake. We need your support in communicating to the members of the General Assembly the importance of retaining the staff you have worked with over the past two-plus years.

A new governor will be elected this year. All of the staff of the Agricultural Development Board are all technically political appointees who would be replaced by a new administration. Without staff here, County Councils can't get questions answered, applicants can't get the help they need, programs can't get checks cut, and the agricultural development process does not function. We will be working with leaders in the General Assembly to institutionalize the Agricultural Development Board and provide security for the staff assigned to county

councils, assisting applicants, and others who make this system work.

While the leadership of this effort is certain to change with a new administration, we must do all we can to find the best permanent home for the Agricultural Development Board and its staff. We can use your help in communicating to your legislators the critical importance of maintaining continuity in this program as a new governor's administration takes office. Call your legislator today to express your support for our efforts to support your work.

Thanks for all you do. Our County Councils and Extension Agents are on the front line of a revolution in Kentucky agriculture. We must maintain, if not expand, our stride to reach the full potential of this historic initiative. The work you have invested over the past few years should be honored with a renewed commitment to funding this effort and providing continuity to this historic, cutting-edge program.

- John-Mark Hack

Chief Executive Officer

Blueberry Production Workshop

According to Dr. John Strang, blueberries are beginning to be recognized as an excellent agricultural diversification crop for some growers. They are one of the few native Kentucky crops and are one of the most dependable producers of all the fruit crops. The long term potential and market for blueberries is good; however it does take 3-4 years to get into production and some farms may not have a suitable site for this crop. This workshop, done in cooperation with the KY Center for Agricultural Development &

Entrepreneurship (KCADE), is designed to provide growers with the basics for establishing a commercial blueberry operation.

The workshop will be held at the Metcalfe Co. Extension Office at 10:00 a.m. CST on Wednesday, February 26.

Those interested in attending can call KCADE for more information and to sign-up at (502) 564-3186.

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***Cultivating rural
prosperity***

DATES TO REMEMBER:

*Feb. 14—Board Project
Review (Frankfort)*

*Feb. 21—Board Meeting,
10:00 a.m. KY History Cen-
ter (Frankfort)*

ADDITION TO THE FORAGE SEED LIST

As of 12/19/02, Toro is an eligible Timothy variety under the Forage Improvement & Utilization program.

**To view an updated seed list visit
<http://www.kyagpolicy.com/funds/forage.shtml>.**

Phase II Update

Kentucky Governor Paul E. Patton announced today [Monday, December 30] the distribution of payment checks compensating tobacco growers and quota owners in Kentucky as a result of the national legal settlements with tobacco companies. Compensation checks totaling over \$134 million from the settlement are being distributed this week to 149,000 Kentucky tobacco growers and quota owners.

The compensation comes from the 1999 Phase II settlement between tobacco-growing states and the four largest cigarette manufacturers to offset income losses farmers are expected to experience as a result of changes within the tobacco industry. This distribution represents the fourth of the scheduled twelve annual payments from the Trust. The agreement provides Kentucky farmers \$1.5 billion for annual payments through the year 2010. To date, the Kentucky Tobacco Settlement Trust Corporation has facilitated payments of more than \$328 million since the establishment of the Trust in 1999.

Phase II tobacco settlement compensation is pro-

vided equally for three factors of tobacco production: quota, land and labor. Quota compensation is based on crop year 2001 basic quota. Land and labor compensation is based on an average of crop years 1998, 1999, and 2000 effective quota and actual marketing. This average is referred to as payment pounds.

The payment rate from the National Trust is 19.66 cents per basic quota pound. Payments to the individuals or entities that control land and employ labor used to produce burley tobacco are based on an average of the three crop years 1998, 1999, and 2000. Individuals will receive a payment that corresponds to their level of production activity in each crop year.

The payment rate for the Growing Farm is 3.17 cents per payment pound for crop year 1998, 3.87 cents per payment pound for crop year 1999, and 7.63 cents per payment pound for crop year 2000. The payment rate for the Grower/Tenant is 3.19 cents per payment pound for crop year 1998, 3.88 cents per payment pound for crop year 1999, and 7.63 cents per payment pound for crop year 2000.

“One of the most important aspects of my job is protecting the interests of tobacco farmers and other agricultural producers in Kentucky,” said Patton. “I was pleased to be part of the negotiation process on behalf of our state’s farmers.”



New Model Program: Hay, Straw & Grain Storage

At its November meeting, the Agricultural Development Board implemented a new model program: Hay, Straw & Grain Storage.

The goals of this program include:

- 1) Reaching farmers who do not currently employ best practices related to hay, straw and grain utilization and storage.
- 2) Increasing the quality of stored feed and efficiency,

which will increase both hay value and the animal gain/ production.

- 3) Enabling grain producers to implement marketing strategies to capture a higher price for their grain than is possible by selling on the cash market during harvest. Grain storage facilities will give livestock producers the ability to utilize grain grow on the farm.

Award of these cost-share funds is based upon evaluation criteria. Approved applicants may be reimbursed 50% of the project cost, up to \$5,000. A requirement for participation in this program is participation in an educational session on "Hay and Straw Utilization and Storage Methods," and/or "Grain Storage and Marketing Methods."

The complete guidelines for this program and a sample evaluation form are available at www.kyagpolicy.com/funds/model_programs.shtml.

ADF Board Meetings in Review

The Kentucky Agricultural Development Board, chaired by Governor Paul E. Patton, approved a combined total of \$1.6 million in agricultural diversification projects across the Commonwealth at the December 2002 and January 2003 Board meetings.

Eleven non-model projects were approved for \$63,720 in KCADE funds and \$322,878 in county funds.

These projects ranged in scope from precision agriculture to on-farm water enhancement.

The balance of funds approved were for the six model programs. Bath, Rowan, Russell and Taylor Counties allocated \$377,081 to the Agricultural Diversification Program. \$79,750

for the Cattle Genetics Improvement Program was allocated in Allen, Grayson, Magoffin and Trigg Counties. For the Cattle Handling Facilities Program, \$206,221 was committed by Elliott, Grayson, Henderson, Logan, Magoffin, Rowan and

Trigg Counties. Forage Improvement Programs were approved in Caldwell, Elliott, Lawrence, Logan, Shelby, and Trigg Counties for a total of \$130,670. Bath, Logan, Menifee,

Montgomery, Powell, Pulaski, and Russell Counties in total added \$142,600 to the Goat Diversification Program. The newest model program, Hay, Straw & Grain Storage, starts off with an initial total investment of \$294,800 from Bracken and

Taylor Counties.

Kentucky has made a historic effort to diversify away from tobacco production while revitalizing the farm economy by investing 50% of Kentucky's Master Settlement Agreement into the Kentucky Agricultural Development Fund. Since the inception of the program in January 2001, the Agricultural Development Board has reviewed over 1500 proposals and approved over 800 proposals committing over \$98 million to an array of county, regional, and state projects designed to increase net farm income and create sustainable new farm-based business enterprises.

To view details of funding decisions from the November meeting, visit the current press release at www.kyagpolicy.com/news.shtml.

Since January 2001, over 800 proposals have been approved committing over \$98 million to agricultural diversification in Kentucky.

Model Program Update

January 17, 2003, the Agricultural Development Board approved three amendments to the Goat Diversification Program.

The first amendment adds small livestock scales as an eligible cost-share items under the "On-farm Goat Handling Equipment" section.

The second amendment establishes a minimum age of 6-months for bucks to be eligible for cost-share.

The third amendment provides clearer details on ownership requirements for bucks and does purchased through the pro-

gram. Buck ownership must be maintained for two successive breeding seasons; ownership for does must be maintained for two years. Provisions for genetic diversification and emergency release were also added.

Details for these clauses and the other amendments are available at www.kyagpolicy.com/funds/model_programs.shtml.



GOAP Website Updates

Counties with Model Programs pages updated:

http://www.kyagpolicy.com/funds/funded_model_programs.shtml

Three Amendments to the Goat Diversification Program posted:

<http://www.kyagpolicy.com/funds/goat.shtml>

Calendar updated: <http://www.kyagpolicy.com/calendar.shtml>

Farm Family Education Expo [Rescheduled] - March 7, 2003:

<http://www.kyagpolicy.com/kcade/ffee.shtml>

Staff list updated: <http://www.kyagpolicy.com/staff.shtml>

Project Analysts by County posted:

http://www.kyagpolicy.com/funds/project_analysts.shtml

Seed List updated:

http://www.kyagpolicy.com/funds/documents/forage_seedlist.pdf

Staff Changes

In recent months we have had several staff changes at the Governor's Office of Agricultural Policy. We would like to welcome three new faces to our staff. Josh Benton (Intern), Maggie May (Project Analyst), and Brad Wellons (Project Analyst) joined our staff in January. We would also like to wish well some recent departures. DeVon Hankins, Chauncey Morris and Angela Utterback have left our staff to pursue other interests. In light of these staff changes, there have also been changes to the Project Analysts' county assignments.

A detail of those changes is available at www.kyagpolicy.com.

Save the Date

Blueberry Production Workshop

Wednesday, February 26

10:00 a.m.—3:45 p.m. CST

Metcalf Co. Extension Office

**Farm Family Education Expo—
Rescheduled**

Friday, March 7

8:30 a.m.—2:00 p.m.

Buckhorn Lake SRP

**Agricultural Development Leadership Training & Forum—
Rescheduled**

Friday, March 7

6:00—8:30 p.m.

Buckhorn Lake SRP

If you wish to receive any of the documents mentioned in this newsletter either via fax or regular mail, please contact our office by e-mail, govkyagpolicy@mail.state.ky.us, or by phone, (502) 564-4627.

